Production of Steel

†1054. SHRI RAJIV RANJAN SINGH 'LALAN':
SHRI RAM JETHMALANI:
SHRI KAPIL SIBAL:

Will the Minister of STEEL be pleased to state:

(a) whether it is a fact that the installed capacity for steel production in the country exceeds the need for steel consumption; if so, the details thereof and such production capacity in public and private sectors in 2001;

(b) whether steel in the country is being produced as per the production capacity therefor;

(c) if not, how much installed capacity was utilised for production of steel by the private and public sector steel producing enterprises during 1999-2000 and 2000-2001; and

(d) what are the reasons for the production not being as per capacity and the effect of the under-production on production cost?

THE MINISTER OF STATE OF THE MINISTRY OF STEEL (SHRI BRAJKISHORE TRIPATHY): (a) Yes, Sir. Presently, the estimated steel producing capacity in the country is 35 milion tonnes consisting of around 16 million tonnes capacity in the public sector and 19 million tonnes capacity in the private sector, while the consumption level has been around 26 million tonnes during 2000-01.

(b) and (c) The level of production of steel is not at par with the present installed capacity, which is primarily due to low domestic demand/consumption. The details of capacity utilisation for production of crude steel by the public and private sectors during the last two years are as under:

(Unit: %age)

	1999-2000	2000-01
Public Sector	83	88
Private Sector	71	72

†. Original notice of the question was received in Hindi.

(d) The main reasons for the low capacity utilisation in the Indian context include (a) lack of growth of demand for steel to the level anticipated; (b) obsolete technology being used in most of the units in the secondary steel-producing sector; (c) low price realisation brought about by the threat of low-priced steel import from countries like CIS, South Africa; (d) increase in the cost of production due to the rise in the prices of essential inputs like electricity, fuel etc; and (e) restricted export demand following the initiation of trade actions against Indian steel exporters by the advanced/stronger nations of the world.

Retrenchment of SAIL employees

1055. SHRI K.B. KRISHNAMURTHY: Will the Minister of STEEL be pleased to state:

(a) whether Steel Authority of India Limited proposes to reduce its redundant workforce by March, 2002;

(b) whether labour productivity in steel sector is less than half of telecom sector and marginally better than power sector;

(c) whether the labour productivity in SAIL is less than 1/8th of the levels achieved elsewhere in steel sector; and

(d) whether considering the advantages the SAIL enjoys in raw-material sourcing and good market standing, Government would provide a rehabilitation package to SAIL?

THE MINISTER OF STATE OF THE MINISTRY OF STEEL (SHRI BRAJKISHORE TRIPATHY): (a) As part of rationalisation of manpower, SAIL has been reducing its workforce every year keeping the long-term target of one lakh manpower, by the financial year 2004-05. The workforce proposed to be attained by March 2002 is around 1,48,000.

(b) and (c) Labour productivity of SAIL is not comparable to Telecom and Power Sector and Steel Sector elsewhere due to differences in technology, level of outsourcing, differences in degree of automation, capacity utilisation etc. The Labour Productivity in SAIL is 108 tonnes of Crude Steel per man-year for the period April-December 2001, as compared to 96 tonnes of Crude Steel per man-year for the year 1997-98.

(d) The Government has already approved a financial and business restructuring package of SAIL in February 2000.